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# Kaliningrad: Russian Outpost or Window on Europe?

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## **Policy Paper**

### **Kaliningrad: Russian Outpost or Window on Europe?**

#### **Summary**

This study aims at the search of ways and means to solve the Kaliningrad problem that emerged after the breakdown of the Soviet Union and in the context of EU enlargement. The paper recommends the development of a clear and coherent Russian strategy on the Kaliningrad issue that should be based on providing the Kaliningrad Region with a special legal status and broader foreign policy and economic powers. The author also suggests to conclude a EU-Russia bidding agreement on Kaliningrad that could solve the most important problems related to Kaliningrad's sovereignty, elimination of trade barriers, development of energy and transport infrastructure, freedom of movement of goods and people, fighting organized crime, environment degradation and mass diseases. The paper concludes that Kaliningrad could be successfully integrated into the single European economic, social and cultural space and could become a 'meeting place' for different civilizations and cultures.

#### **Background**

Kaliningrad is a small Russian enclave on the Baltics sandwiched between Lithuania and Poland. It is a unique region due to its both history and geopolitical location. Kaliningrad was a Soviet military outpost on the Baltics in the Cold War period. With the breakdown of the USSR the region was separated from mainland Russia and had to deal with numerous problems ranging from provision of basic supplies and transit to visa and customs regimes. NATO and EU enlargements created a new set of problems that are far from being solved.

There are several actors in case of Kaliningrad – the Kaliningrad regional authorities, Russia's federal center (presidency, government and numerous ministries, and parliament), EU candidate countries (Poland and Lithuania are most important among them), EU and its member states and various international organizations and financial institutions (e.g., NATO, Council of the Baltic Sea States, European Bank for Reconstruction and Development and so on).

The main dilemma for Moscow is to keep its sovereignty over Kaliningrad and, at the same time, to integrate this region into a European economic, social, legal and cultural space that is gradually emerging in the context of EU enlargement. If Moscow fails to cope with this problem Russia could lose its control over the region and the latter could become a source of instability for the whole Baltic Sea area.

#### **A Region in Transition: From Past to Present**

Since many current problems of the enclave are deeply rooted in the past it is important to take into account the historical context. The town and region have a long history. Kaliningrad is former Königsberg, the capital of East Prussia. The first historically recorded inhabitants were the Prussians, the Baltic people (similar to Lithuanians and Latvians). In the 13th century the Teutonic Order conquered this territory and Prussians were baptized by the winners. German colonizers gradually assimilated the Prussians and their language died out by the 17th century. Nonetheless they went down in history by lending their name to the area and the German state of Prussia.

Königsberg was founded by Teutonians in 1255 and named in honor of the crusading Bohemian king Otokar II. Prussia was subsequently a subject of dispute between Germans, Lithuanians, Poles, Swedes and Russians. In the 17th century Prussia was gradually taken over by the German state of Brandenburg. The Kurfürst of Brandenburg here crowned himself King of Prussia in 1701.

Russia had occupied East Prussia in 1758-62 during the war with Prussia and partly in 1915 during the World War I. In April 1945 Soviet troops conquered Königsberg again. At the Potsdam Peace Conference (July-August 1945) Stalin demanded Königsberg and the surrounding area on the grounds that the Soviet Union needed compensation for its war losses, wanted an ice-free port on the Baltic Sea, and on the claim that the area originally was Slavic. He also promised the southern two thirds of East Prussia to Poland. The Western countries had to agree to Stalin's claim. The Memel (Klaipeda) region was soon handed over to Soviet Lithuania. Thus East Prussia was divided into three

different parts.

It should be noted, however, that from the international law's point of view, the legal status of Kaliningrad is to some extent uncertain. It was stated in the Potsdam Protocol that US President and British Prime Minister would support the transfer of territory to the USSR "at the forthcoming peace conference". According to some lawyers, since a peace conference, providing a de jure termination of World War II, never occurred, that pledge was never acted upon. Henceforth the United States would concede Soviet administrative control of the territory but not Moscow's de jure possession of it.

In 1946 the Kaliningrad Region (Oblast) was formed as a part of the Russian Soviet Federative Socialist Republic. Ethnic Germans were moved away from this territory and the region was populated mainly by Russians (or Belarussians and Ukrainians).

During the Cold War period the region was perceived as an important Soviet military outpost in the confrontation with NATO. It was one of the most highly militarized areas in Europe. The Headquarters of the Baltic Sea Fleet was (and is) located there. The 11th Guards' Army equipped with offensive arms such as tanks, artillery, missiles and aircraft were deployed in the Kaliningrad Oblast (Region). 100.000 servicemen (every tenth Kaliningrader) were located in the area. The region was totally sealed from Poland and the West, and even Soviet citizens had limited access. Along with Murmansk, Archangel, Sevastopol and some other Soviet regions with a formidable military infrastructure Kaliningrad became a symbol of a 'garrison town'.

However, with the end of the Cold War and the dissolution of the Soviet Union Kaliningrad found itself in a completely new situation.

- **First**, it was separated from "big" Russia by the newly independent states such as Lithuania and Belarus. The new geopolitical situation led to numerous problems in areas such as supplying the region with basic provisions, energy, raw materials and equipment, transport, communications, military transit and travel. A new customs, border-crossing and consular infrastructure had to be created in the region. An increasing feeling of isolation from "mainland Russia" is widely spread in Kaliningrad. For this reason, many experts prefer to call Kaliningrad a "Russian exclave" rather than "enclave".

- **Second**, the military significance of Kaliningrad has been dramatically declined in the 1990s. The Russian military presence has diminished significantly over ten years, with the current number of military personnel in the region variously assessed at between 18,000 and 25,000 (from a total of 100,000 during the Cold War), plus some 5,000 Border Guard troops and some 1,000 Internal Forces. In addition Admiral Vladimir Yegorov, the governor of the region since November 2000 and the former commander of Baltic Sea Fleet, stated in February 2001 that Moscow would reduce its troops stationed in the western part of the enclave by 8,600 by 2003.

In late 1997 the Kaliningrad Special Defense District (the only remnant of the former Baltic Military District) was abolished (including the 11th Army). The residual land units were subordinated to the Commander of the Baltic Sea Fleet. The latter was radically reduced as well. Now it is comparable – in terms of the number of battle ships – with the German and Swedish navies. The configuration of the region's military structure became purely defensive. Many military analysts doubt that Kaliningrad is really defensible from the strategic point of view because of its remoteness and low fighting efficiency.

Accordingly, the direct economic importance of the military has greatly diminished. However, it remains of some weight in the sense that many retired military personnel have opted to stay in the region and are among the 2,000 entrepreneurs who make up the Kaliningrad Employers' Union and the 70,000 or so traders or craftsmen officially known to the authorities. Many of these former servicemen are also engaged - as are some active military - in the "shadow economy", which is estimated to account for more than 50 percent of GDP.

- **Third**, in contrast with the Soviet time, now Kaliningrad is open for international co-operation and has one of the most liberal economic, customs and border/visa regimes in the Russian Federation. First, a Free Economic Zone (FEZ) and then a Special Economic Zone (SEZ) were established in the region in order to attract foreign investment. The German and South Korean automobile giants – BMW and Kia – opened production lines in Kaliningrad and Norwegian ships are repaired there.

Unlike other Russian citizens the Kaliningraders enjoy a visa-free regime with Lithuania and Poland. Contrary to the image of a "garrison town" or "military outpost" that was the case in the Cold War era, now Kaliningrad is perceived as a most pro-Western or cosmopolitan region in the country. In this regard Kaliningrad exemplifies a most dramatic change in economy, society, foreign policy and mentality that ever had happened in post-Communist Russia.

However, along with positive changes the region had to face numerous problems both stemmed from the Soviet past and are looming ahead because of the EU/NATO enlargement. These challenges can be grouped into the following categories:

- **Geopolitical vulnerability.** Kaliningrad, as an integral part of Russia, will become a piece of foreign territory within the wider European space. From traditional security point of view, Kaliningrad is hardly defendable in strategic and controllable in socio-political terms. Although anyone does not even plan to attack Kaliningrad geopolitical thinking is still strong among the Russian military and some politicians and this should be taken into account when security perceptions of the Russian élites are examined.
- **Sovereignty.** Geopolitical location, in turn, could question the Russian sovereignty over Kaliningrad that is separated from mainland Russia and in terms of economy, trade, transportation and mentality is oriented to or dependent on the West.
- **Economic challenges.** Kaliningrad has suffered from an economic decline since the introduction of the market economy (similar to other Russian regions). Production has fallen by more than half since 1990. Kaliningrad was particularly strongly affected by the Russian financial crisis of August 1998 because of its dependence on foreign trade and particularly imports.
- **Fisheries.** Russia's concern is that after enlargement, the Baltic Sea will become an almost exclusive EU fisheries zone. The Commission suggested to settle the issue in the context of a new Russia-EU fisheries agreement, negotiations for which began in June 2000. Russia, however, worries that these negotiations have started too late to prevent negative effects of enlargement on the Kaliningrad fishery industries.
- **Trade and transit.** Given its enclave status, Kaliningrad is dependent on imports, the value of which is three times that of its exports, with heavy reliance on trade and economic interaction with mainland Russia. Every year more than 6 million tons of goods transit, mainly by rail, through Lithuania to and from Russia. 55 percent of this traffic is oil, coke and coal. Kaliningrad also imports many goods (including most of its food) from its immediate neighbors, Poland and Lithuania, which, with Germany, are Kaliningrad's most important foreign trade partners. Although Kaliningrad has relatively more trade links with its non-Russian neighbors than other Russian border regions, it is still relatively poorly integrated into the regional economy.
- **Energy.** The Oblast produces only 20 percent of its own needs (mainly at small fuel oil and coal-fired plants) and, for this reason, is almost totally dependent on imported energy from the Russian mainland. The delivery of fuel oil and coal is costly and complicated, dependent upon the transit regime agreed with neighboring countries. Gas is received from Russia through a pipeline, which transits Belarus and Lithuania. The Kaliningrad authorities want to increase the share of gas for electricity production. A new gas-fired power station is under construction and the construction of another gas pipeline is under consideration.
- **Social problems.** Oblast's social indicators are bad. The standard of living is lower than the already poor Russian average. A third of the Kaliningrad Oblast's population lives below the poverty line. With EU enlargement, the present development gap between Kaliningrad and its neighbors as well as the prospect of this gap widening, can become a factor of destabilization in the entire Baltic Sea region.
- **Education.** Kaliningrad has six higher education institutions, including the Kaliningrad State University. Unfortunately, their faculties and courses do not cater sufficiently for sectors such as microelectronics, biotechnology, new manufacturing processes, business administration,

international relations and political science. The level of foreign language training does not correspond to international standards as well.

- **Health care system.** Public health care services in Kaliningrad are also in trouble. Diseases such as, tuberculosis, diphtheria, measles and epidemic paratyphoid are widespread. TB is becoming multi-resistant and its prevalence is growing, especially among the inmates of Kaliningrad prisons. 280 people had died of tuberculosis in 2001. Drug use and prostitution have led to the alarming spread of other communicable diseases. For instance, Kaliningrad is among the worst regions in Russia for registered cases of HIV, and is by far the most affected area in the Baltic Sea region.
- **Environment.** Kaliningrad is the second worst source of pollution in the Baltic Sea region after St. Petersburg, generating more than 400,000 tons annually of domestic and industrial waste. Sanitary conditions in urban areas are deteriorating, and the sewage system dates back to pre-World War II. Russia has committed itself to decrease marine pollution. As a result, the discharge of pollutants has diminished somewhat since 1991.
- **Crime.** Organized crime, trafficking in human beings, drugs and stolen vehicles and illegal migration are all present in the Oblast. Drug use is spreading at an alarming rate (the enclave is said to have over 10,000 heroin addicts). Smuggling - notably of amber, alcohol and cigarettes – and prostitution are also prevalent. According to official statistics, the level of crime is 20 percent higher than the Russian average, in particular for organized crime, as well as crime by minors and by people acting under the influence of alcohol. Organized crime has, as elsewhere in Russia, a negative effect on the business and investment climate. Criminality, linked to corruption, poses a threat to economic development and the development of a democratic system governed by the rule of law.
- **Constraints on the mobility of persons.** Contrary to the Soviet period when Kaliningraders traveled freely within the country, now they have to overcome numerous border barriers on their way to mainland Russia (via Lithuania and either Latvia or Belarus). The same applies for other Russian citizens who want to visit their relatives, friends and business partners in the Kaliningrad Oblast. Moreover, non-residents of the Oblast have to get Lithuanian transit visa if they travel by car or bus.

In view of EU enlargement Poland intends to introduce the Schengen acquis on October 1, 2003 and Lithuania at the latest upon accession. Russia feared that the introduction of the acquis by new EU member states would have an impact on the freedom of movement of people. Travel, for whatever purpose, to or through EU member states would require possession of a visa. Moscow worried that visa-free transit (currently available to the residents of Kaliningrad and certain categories of Russian citizens transiting Lithuania) would no longer be possible. In addition, Kaliningraders will be obliged to travel in possession of a national passport (as opposed to the internal identity documents, which are currently accepted by the Lithuanian authorities).

At the EU-Russia summit in November 2002, a decision to establish a Facilitated Travel Document (FTD) for trips to and from Kaliningrad was taken. For multiple entry direct transit via all forms of transport by land to and from Kaliningrad, an FTD is obtainable on the basis of an application to a Lithuanian consulate, and subject to necessary checks and controls. In addition, for those Russian citizens intending to make single return trips by train through the territory of Lithuania, a Facilitated Rail Travel Document (FRTD) is obtainable on the basis of personal data submitted at the time of ticket purchase. Lithuania has agreed to accept Russian internal passports as a basis for issuing both types of FTD until December 31, 2004. Thereafter, an FTD or FRTD would only be valid when accompanied by passport valid for international travel. FTD system could be seen as a temporary solution for the transitional period but it will not work when Lithuania joins the Schengen rules. Moreover, it applies only to Russia-Lithuania relations, Russia-Poland visa problems are not covered by the above agreement.

**Why does the Kaliningrad problem remain unsolved and why is it important to solve it?**

It is difficult to find a simple and quick solution to the Kaliningrad problem at least for three main

reasons. First, major actors – Russian and international – pursue different interests in Kaliningrad, interests that may clash each other from time to time. For example, Kaliningrad authorities want both more freedom in their external relations and, at the same time, more assistance from the federal budget. On the other hand, Moscow is very suspicious about greater Kaliningrad's independence from the center and encourages the local authorities to look more actively sources of finance other than federal funds (private sector, international investors, etc.). Both EU and Russia want to stimulate trade, economic and cultural cooperation in the Baltic region but, at the same time, Brussels fears illegal migration from Kaliningrad and potential rise of the organized crime in the region. For this reason, EU tightens its visa regime and border controls although this contradicts the above intentions. Second, none of the actors has a comprehensive and forward-looking vision of Kaliningrad's future. Strategic vision is often substituted by technical/technocratic approaches that are unable to offer a long-term solution to the Kaliningrad problem. Finally, given the scale and the magnitude of the problem the rebuilding of the Kaliningrad Oblast and its integration to the single European economic space requires considerable funds that are not always available either domestically or internationally.

Nonetheless it is important to solve the Kaliningrad problem. For Russia, it is important to prove its ability to provide its westernmost region with one-million population with normal living conditions. On the other hand, it is important for Moscow to make Kaliningrad a sort of a model in EU-Russia relations that could be replicated to other Russian border regions.

Kaliningrad is of a great interest for EU as well. Brussels needs Kaliningrad as a transit corridor from the newcomers (three Baltic states) to the EU 'mainland' and vice versa. EU is interested in improving the living standards in Kaliningrad to make them compatible with those in the neighboring countries and to avoid a scenario of Kaliningrad becoming the source of regional instability. Brussels is also eager to cooperate with Russia to prevent illegal migration, smuggling, drug trafficking and illicit arms transfers via the Kaliningrad territory. The disputes over Kaliningrad sovereignty also may lead to inter-state conflicts and impede international commerce. Finally, both Russia and EU need a 'success story' to demonstrate their efficiency.

The aim of the paper is to examine possible solutions of the Kaliningrad problem and ways of integration of this Russian enclave into a single European economic, social, legal and cultural space. This study seeks to broaden understanding of Kaliningrad's place in the EU-Russia relationship by considering the following fundamental questions:

- What sort of Russia's federal policies towards Kaliningrad should be suggested?
- How can the EU and other regional and subregional institutions contribute to the international cooperation around Kaliningrad?
- How can the problems stemming from EU enlargement be solved?
- What is the future of the region? Would it remain an isolated 'island' surrounded by the EU 'waters' or could it become a 'gate-way' or 'pilot' region that may offer a model which could be attractive to other Russian border areas?

## **Data and Method**

The data for this research are drawn from the following sources:

- The search on Internet
- Interviews with officials, politicians, NGO leaders and experts
- Governmental publications and materials
- Statistical information, yearbooks, handbooks and reference books
- Periodicals
- Research literature: monographs, analytical papers, and articles

Since the study does not just entail data collection but also data assessment three main principles are implemented with regard to selecting and interpreting sources:

- Validity. Data should represent most important and typical trends rather than occasional or irregular developments.
- Informativeness. Sources that provide valuable and timely information are given priority.

- Innovativeness. Sources that offer original data, fresh ideas and non-traditional approaches are preferable.

### **Past Research**

The Kaliningrad problem has attracted a great deal of attention from the Russian and world academic community. One group of works examined socio-economic development of the region in the post-Communist period. Other scholars studied military-strategic aspects of the problem. The third category of works analyzed the implications of NATO and EU enlargements for Kaliningrad. Finally, some experts discussed the future of the region and suggested specific recommendations and options.

The authors differ by their theoretical and political approaches. Some specialists tended to be alarmists by considering Kaliningrad as a flash point of conflict or a source of insecurity for the entire Baltic Sea region. Others viewed Kaliningrad as a small change in the great powers 'big game'. There are also some experts who see Kaliningrad as a historical chance for Russia to be integrated into the Western civilization. For this school, Kaliningrad is 'gateway' or 'pilot' region, region of co-operation rather than confrontation. Authors also differ by their specific suggestions and recommendations how to solve numerous Kaliningrad problems.

These works, however, lacked a comprehensive and systematic approach to the problem paying attention only to its specific – and sometimes isolated – aspects. It is an ambition of this study to offer both a multidimensional and forward-looking view of the issue that aims not only at theoretical but also practical angle.

Particularly, this study contributes to the political and academic debate on Kaliningrad by outlining both a Russian strategy toward Kaliningrad (including its legislative, financial, political and administrative components) and the contours of a possible EU-Russia dialogue on this issue.

### **The Kaliningrad Problem in the Domestic Policy Context**

Both Moscow and international players understand that Kaliningrad is first and foremost a Russian problem and responsibility for the Oblast lies with Russia itself, not with someone else. Given a unique geopolitical location and a set of problems to be dealt to, Kaliningrad was a 'hot' issue in the Russian domestic policy debate in the post-Soviet period.

In the 1990s, regardless of a huge paperwork (Moscow issued numerous normative acts on the Kaliningrad Region) the central government lacked any sound and coherent strategy towards the Oblast.

In contrast with other members of the Russian Federation, which normally regulated its relations with the capital through bilateral treaties and agreements, the status of the Kaliningrad Oblast was defined mainly by the Russian President and government. Given the unique location and strategic significance of Kaliningrad Moscow preferred to keep its direct control over the region. For instance, in 1991-98 the federal centre adopted more than 15 normative acts on the Kaliningrad Oblast. None of the Russian regions cannot boast by such an attention from Moscow (probably with the exception of Chechnya).

The regional economy was the most important problem both for the centre and the Oblast itself. Since in the early 1990s the liberal thinking prevailed among the local and federal élites measures were undertaken to open up the Oblast for international co-operation and to ease socio-economic situation in the region. In November 1991, President Yeltsin issued a decree granting the Kaliningrad Region the status of a free economic zone. This legislation provided the Oblast with a privileged status in the field of foreign economic relations. The region became a tax free zone. The export of goods produced in the FEZ as well as import of goods into the territory of the zone were not the subject for quoting and licensing. The good was considered as produced in the FEZ in case the value added on the territory of the zone constituted not less than 30 percent.

The joint ventures got substantial exemptions from the federal and local taxation. The Russian Ministry of Finance provided the Oblast with a credit on privileged terms. The Oblast administration was allowed to use the regional export quotas to increase the local currency reserves.

The original justification for granting Kaliningrad a FEZ and other privileges in the first place was that it was perceived as one way to compensate Kaliningrad for the expected inflationary effect of the cumulative costs of crossing three borders while in transit to the rest of Russia. Moreover, the FEZ



was the first substantial concrete measure, which Moscow has taken which is consistent with the "pilot region" idea that Kaliningrad does have some unique attributes, which require unique policies. Under the liberal scenario that was dominant at the time, the area could become a West–East trade bridge, Russia's Hong Kong. Several hundred joint ventures have been registered, mostly small service operations.

The governor of the Oblast was granted a right to deal directly with the Polish and Lithuanian governments on the issues of subregional co-operation, including participation in the Euroregions. A special 'curator' of Kaliningrad was appointed in the Russian Ministry of Foreign Affairs (MFA) and the ministry's representative office was established in the region. The Polish and Lithuanian consulates and honorary consulates from Sweden, Denmark and Iceland were opened in Kaliningrad.

Kaliningrad Oblast opened trade missions in Vilnius and Gdansk and a special regional legislation to define their status and budget was adopted. Kaliningrad City Administration also opened representations first in Bremerhaven and later in Brussels, though these have since closed.

However, there was a difference of opinion between Moscow and the Kaliningrad local authorities on the status of the region and the prospects for its economic co-operation with foreign countries. The regional government has proposed to transform the FEZ into a SEZ provided with even more autonomy and privileges. However, Russian Deputy Prime Minister Sergey Shakhrai has complained that foreign investors there have got significant tax and other concessions while investing insignificant amounts of money. According to Shakhrai, the region was already being turned into a channel for the export of raw materials, including strategic resources, and for the creeping expansion of foreign influence in the economic and ethnic spheres, with the prospect of the creation of a 'fourth independent Baltic state'. As a compromise Shakhrai proposed, instead of making the whole of the region a free economic zone, the creation of limited zones of free trade activity near ports and main roads in the region, stressing that 'we have again to declare clearly the priority of Russia's military–strategic interests in the Kaliningrad Oblast.'

Under the pressure of the 'centralists', the federal authorities tried to tighten their control over the Kaliningrad Region. For example, in May 1995 Yeltsin suddenly abolished the customs exemptions and this led to annulment of a large number of contracts.

The power struggle between the centre and the region resulted in a compromise. On January 22, 1996 the President of Russia signed the Federal Law "On the Special Economic Zone in the Kaliningrad Region" with an official purpose to provide more favorable conditions for promoting socio-economic development of the region through the expansion of trade, economic, scientific and technological co-operation with foreign countries, attraction of foreign investments, know-how and expertise.

The new Law had contradictory implications. On the one hand, the Oblast got back some customs and tax privileges; on the other hand, the regional authorities lost part of their foreign policy powers. The centre took control over the defense industry, mineral resources, energy production, transport and mass media. Foreigners are not allowed to purchase land, but it can be leased for periods yet to be settled.

The Law on SEZ did not stop the tug of war between the 'centralists' and 'regionalists' in the Russian political establishment. For instance, different governmental bodies ranged from State Customs Committee to the State Duma (the lower house of the Russian Parliament) have repeatedly attempted to abolish the zone in 1997-2001. This contributed to the destabilization of the socio-economic and psychological situation in the region. Only President Vladimir Putin stopped bureaucratic attacks on the FEZ. It was decided that the status of the zone will remain intact until a general Law on Free Economic Zones that should replace existing legislation on FEZs and SEZs will be approved. It is expected that a new law will be passed by State Duma by late 2003 – early 2004. The victory of Admiral Vladimir Yegorov on the gubernatorial election (November 2000) led to improvement of region's relations both with Moscow and foreign countries. Yegorov was seen as an alternative to a corrupted and anti-reformist regime of Leonid Gorbenko. Many experts believed that Yegorov is able to fight corruption and crime, restore order and justice in the region and start real reforms. His team was positive about developing various subregional schemes of co-operation. He called the Kaliningrad Oblast "a laboratory for working out of new forms of co-operation between

Russia and the European Union". At the same time he was regarded as a pragmatist and defender of Russian national interests, including resistance to further NATO enlargement and prevention of negative implications of EU enlargement. His administration was rather active in formulating Kaliningrad's and Russia's position on implications of EU enlargement for the Oblast.

Yegorov's team together with liberal-minded experts from the Moscow-based Institute of the Transitional Economy played a crucial role in drafting a Federal Task Program on Development of the Kaliningrad Region for the Period up to 2010 that has been adopted by the Russian government on December 7, 2001.

According to the document, the programme's main objective is to "create conditions for sustainable socio-economic development of the Kaliningrad Region which should be comparable with the development level of neighboring countries as well as for an attractive investment climate in the region to facilitate the Russia-European Community rapprochement."

The program has three main strategic priorities:

- making Kaliningrad a key transport junction in northwest Russia (14 projects)
- providing sustainable energy supply to the Oblast (19 projects)
- environment protection (9 projects)

The program also has:

- federal-level purposes (making Kaliningrad an export-oriented economy; upgrading the Kaliningrad SEZ; development of telecommunications and tourist-recreational industry, in sum – 59 projects), and
- regional objectives (development of agriculture, fisheries and social infrastructure – 48 projects).

There are two phases of the program's implementation:

- 2002-05: basic reforms mainly directed at further developing of the SEZ
- 2006-10: continuation of previous projects with the aim to secure positive achievements

The cost of the program is 93 billion rubles (\$3,1 billion). The sources of funding are the federal budget (8,41 percent), Kaliningrad regional budget (3,08 percent), Kaliningrad enterprises (22,2 percent), commercial banks' loans (7,24 percent), foreign loans (14,15 percent) and other sources (state-owned companies such as RAO-EES and Gazprom, municipalities, etc. - 44,92 percent). The document states that upon the completion of the program the gross regional product will increase by 240 percent and 15,000 new jobs will be created.

Although the program is a positive contribution to solving numerous Kaliningrad problems several critical comments can be made:

- The program is of 'technical/technocratic' rather than conceptual nature. The document enlists projects but does not explain why they are needed and what sort of Kaliningrad Russia wants – both domestically and internationally.
- The paper calls for an export-oriented economy in the region but some specialists doubt that other European countries (both EU member states and candidate countries) are interested in this. On the contrary, they do not like any new competitor and hardly will be helpful in developing Kaliningrad's export potential. This school suggests to use the opportunities that the SEZ offers for attracting domestic and foreign investments in order to develop industries which are mostly oriented to the Russian domestic markets. At the same time, these experts suggest to encourage Kaliningrad's export capabilities (where it is relevant and possible).
- As far as financial sources are concerned it is unclear whether commercial banks, foreign donors, Gazprom and others have already confirmed their financial support or it is only planned.
- It is also unclear whether the Russian federal and Kaliningrad regional governments are able to keep their commitments and finance the program in full. It is well-known from the past experience that other federal programs often were inefficient because of the lack of funding. As the 2002 experience shows there have already been delays in federal transfers and some projects felt financial difficulties.

For these reasons, the new federal program on Kaliningrad can be only seen as a first and rather modest step forward. A national strategy on Kaliningrad remains to be developed.

### **Russia-Europe Collaborative Experience on Kaliningrad: an Institutional Framework**

To solve the Kaliningrad problem it is very important to provide a policy strategy with a proper institutional support. In institutional terms there are several venues for co-operation between the European multilateral organizations and Kaliningrad – EU, Council of Europe, NATO, Council of the Baltic Sea States (CBSS), Nordic Council, Nordic Council of Ministers, European and Nordic financial institutions and so on. No doubt, EU is the most important institution among them.

The EU believes that issues related to Kaliningrad should be discussed within the framework of the EU/Russia Partnership and Cooperation Agreement (PCA), the main forum for administering of EU-Russia relations. However, Moscow objects to breaking down of the negotiations within the fifteen PCA committees because it is difficult to have a comprehensive view of the problem. On the other hand, the EU is unhappy with the idea to create a single committee on Kaliningrad within the PCA because it could provide Russia with a better negotiating position and lead to a special agreement on Kaliningrad that could be more profitable for Russia than for the EU.

As far as a specific EU's collaborative programs are concerned TACIS (EU's program on technical assistance to the CIS countries) is one of the most helpful instruments for intensifying cross-border contacts.

There is an annual TACIS cross-border co-operation program which begun in 1996 with an ECU 30 million budget for projects along the borders of Russia and its neighbors, including Finland. In the period 1992-96, TACIS has contributed over 35 million ECU to different projects in north-western Russia. In the 1990s, TACIS executed 18 different projects ranged from municipal infrastructure to educational programs in Kaliningrad. According to the EU data, TACIS spent €40 million for various projects in the Oblast.

The following priority areas have received TACIS' support:

- Regional economic development, with support in excess of €10 million given to the development of the FEZ/SEZ [free/special economic zone]; strengthening of the Regional Development Agency and preparation of a regional economic development strategy; trade and investment promotion and transport
- Enterprise restructuring, with support of roughly €3 million for the creation of an Enterprise Support Centre and the strengthening of the local SME (small and medium enterprises) Development Agency. Special attention was given to the fish industry.
- Human resource development in the private sector, with the establishment of a Business Management department at the Economics Faculty of the Kaliningrad State University (€1.3 million)
- Promotion of innovative SMEs, with assistance of €1 million for technological parks or "technoparks" aimed at strengthening their capacity to provide training, marketing services and general business advice.
- €3million has been devoted to the energy sector to regional and local heat and power utilities to help them adjust to modern market conditions by improving efficiency in energy distribution, restructuring and adapting tariffs; and, for a number of energy saving initiatives.
- In addition, Kaliningrad has benefited from programs provided more generally in Russia. Officials and companies based in Kaliningrad can participate in TACIS funded training programs for the banking, insurance and fiscal sectors. Local managers participate in training programs in EU companies. With a view to developing Kaliningrad's export potential and markets in neighboring countries, the EU is also providing assistance to both regional and federal authorities in areas such as harmonization of standards and conformity assessment procedures
- Considering the geographic location of Kaliningrad cross border co-operation and trade/transit facilitation is of particular importance. A number of programs are being implemented which

aim at facilitating trade and movement of goods and persons through the development of infrastructure, modernization of border procedures, and training of enforcement agencies' staff to detect unlawful activities and increase their capacity to collect tax revenue.

At present, there are 23 crossing points between Kaliningrad, Poland and Lithuania. In order to ensure the efficient flow of goods across the EU's future external border, investment is needed in physical infrastructure and in processing, including through upgraded information systems. Under the TACIS Cross Border Co-operation Programs, two border crossings in Kaliningrad received priority funding: Chernyshevskoe/Kybartai-Nesterov (road/rail) and Bagrationovsk/Bezledy (road), on the borders, respectively, with Lithuania and Poland. These crossings, identified after a detailed feasibility study, are the major ones located on the Pan European Transport Network. Works on the Bagrationovsk/Bezledy project (€3 million) started in the spring of 2002.

Port development is another area of focus in the area of cross border co-operation and trade facilitation. The EU Kaliningrad Port Development project (€1million) aims to stimulate trade and transit via the region, by strengthening the competitiveness of its port facilities and their management. Ultimately, the port modernization will contribute to a sustainable economic development of the area and its integration into the Baltic region.

- As elsewhere in Russia there is a need for action to combat illegal activities and organized crime. The Task Force on Organized Crime in the Baltic Sea Region is making a valuable contribution to tackling these problems. On the local level co-operation is needed to deal with problems such as car theft. Co-operation could also be directed at improving the independence of the local judiciary, in particular via training and twinning programs. TACIS has provided €1 million in funding to assist in fighting organized crime.
- The EU also pays attention to the social problems in the region. TACIS has a €2 million Northwest health replication project for the Kaliningrad, Murmansk and Archangel regions. The project aims at reducing health and social disparities across the border by supporting the reform of the local health system.
- Environment protection is an important priority for multilateral co-operation in the subregion. Current activities include a water environmental monitoring and management project (€2 million) dealing with water quality on the borders with Lithuania and Poland and a waste management project in Kaliningrad's coastal zone (€3 million) designed to alleviate the impact of waste generation on both public health and the environment. There is an EBRD/NEFCO/NIB loan for a sewerage treatment plant in Kaliningrad City. The EU's LIFE program has initiated two projects in Kaliningrad, in the areas of urban traffic and ecotourism. The EU also financed the establishment of an Environmental Centre for Administration and Technology (ECAT) in Kaliningrad, which was transferred to the local authorities in 1997.

Kaliningrad is specifically identified as a priority in the 2002-3 TACIS Indicative Program for Russia and in the Cross-Border Co-operation Program. A specific focus under the Russia TACIS National Program (2002-3) is on improving the capacity of municipal authorities to deliver essential public services such as water, heating, housing and also waste and wastewater treatment. In addition to the transfer of know how to municipalities (including utility management, tariff policy, etc.), small-scale investment in utilities will be supported with priority given to water management and energy saving. Advice and training for municipal authorities and utility managers will also be provided with a view to enabling them to prepare for and make full use of the investment provided by IFIs.

The Euroregion concept is another opportunity for subregional co-operation. As mentioned, Kaliningrad belongs to the Baltic Euroregion, which began in 1998. It was established as an international lobbying group of local governments from Poland, Sweden, Denmark, Lithuania, Latvia and Russia. The President of the Baltic Euroregions said the most important task for co-operation between communes from various countries was subregional economic planning and construction of transport routes. Since 1999 a new Euroregion named Saule is under consideration, involving the Kaliningrad towns of Slavsk, Sovetsk and Neman along with participants from Lithuania, Latvia and Sweden. Kaliningrad also can participate in the Neman Euroregion, which is designed to link

Kaliningrad, Lithuania and Belarus. However, Moscow believes that the current charter of the Neman Euroregion does not reflect Russian national interests and blocks the signing of the documents.

As far as the CBSS is concerned the Council focuses on three priority areas:

- Education and training: The CBSS sponsors the so-called Eurofaculty in the Kaliningrad State University. This project is aimed at modernizing the curricula and teaching methods in such disciplines as law and economics to meet modern international standards and the development requirements of the Oblast itself. Eurofaculty-Kaliningrad has already produced a notable positive effect on the ground and the Russian side is interested in its successful continuation until the end and beyond the initial three-year timeframe. In April 2002 the Eurofaculty held a big conference to monitor the progress of the project and invite potential partners from neighboring countries and other regions of Russia.
- Combating organized crime and training the local staff of the law enforcement agencies.
- Controlling the spread of mass communicable diseases.

Given the recent progress in Russia-NATO relations the North Atlantic alliance could also be helpful in solving the Kaliningrad problem. A possible NATO-Russia cooperative agenda on the Baltics could include:

- NATO-Russia negotiations on naval arms control in the Baltic Sea area
- Extension of the CSBMs (confidence and security-building measures) to the sea
- Spatial and temporal limitations on Russian and NATO military activities in the region
- Encouraging military-to-military contacts, joint exercises, exchanges and visits
- Exchange of information on military doctrines, defense budgets and spending, major arms export or import programs
- Establishing a joint Russia-NATO rescue centre in Kaliningrad
- Creating a joint centre for the prevention of dangerous activities in the Baltic Sea area • NATO's assistance in converting the local defense industry and developing military-technical co-operation with Kaliningrad defense enterprises
- The use of the Kaliningrad shipyards for repairing or modernizing NATO vessels
- NATO's assistance in developing rehabilitation and re-training schemes for retired officers and housing programs
- re-focusing NATO's academic programs on supporting natural and social sciences in the KO.

Given the number of organizations that are involved in cooperative schemes on Kaliningrad there is a need to avoid duplication and coordinate their activities. Both Russian and European experts believe that the Northern Dimension project could be the best institutional umbrella for the above programs.

### **Thinking About the Future of Kaliningrad**

According to the popular saying, there are two "perennial Russian questions": 1) Who is guilty? and 2) What to do? The Russian political debate on Kaliningrad addressed the first question. But the second one is much more important for all regional actors, including Kaliningrad itself.

It is safe to assume that the previous attempts to solve the Kaliningrad problem failed because they addressed particular issues (such as trade, transit or visa regime) rather than offered a complex and long-term strategy. To solve such a complicated problem the regional players should first of all decide what sort of Kaliningrad they want in the foreseeable future.

The Russian and world research communities suggested several possible scenarios for the future of Kaliningrad. The first scenario is "muddling through." Russia takes the "wait and see" position and shifts off the responsibility for the future of the Oblast in the EU's hands. Since this inevitably would make the Russian transit via Lithuania more complicated and impede the movement of people and goods in the subregion the socio-economic situation in Kaliningrad would significantly deteriorate. Another, even more pessimistic scenario, is rearmament of the Oblast as a result of NATO expansion to the Baltic states and a new Cold War. This would make impossible any co-operation between the EU and Russia on Kaliningrad. Under the third scenario the Oblast would become an autonomous republic within the Russian Federation. Other scenarios include partition, the establishment of a

condominium by its two neighboring states, Lithuania and Poland, independence or reunification with Germany. There is also a possibility for Kaliningrad to serve as an entity with special links to a Baltic "Euroregion" or a "Hanseatic region."

All above scenarios except for the last one are highly improbable or undesirable (or both). The last option is both realistic and preferable for the most of the regional actors. It also fits in the concept of Kaliningrad as a 'pilot' region which is acceptable for Russia and the EU. However, this concept still lacks a road map and a detailed plan should be worked out.

Due to its unique geopolitical location and specific problems with which Kaliningrad should deal, the Oblast is a challenge and an opportunity at the same time. Currently, the negative developments such as a systemic economic crisis, the lack of stable legal regulations of business, investment and foreign economic activities, crime, corruption, smuggling, environmental degradation impede democratic reforms in the region and destabilize the situation within and around the Kaliningrad Oblast. The forthcoming EU enlargement can – if not addressed properly and timely - bring new problems: tightening of the visa regime, limitation of the freedom of movement of people and goods, problems with providing Kaliningraders with basic supplies (foodstuff, energy).

However, there are numerous opportunities for exploiting Kaliningrad's future status of an enclave in the EU. It could become a first Russian region to be integrated to the single European socio-economic space and thus become a new Russia's 'window on Europe'. In contrast with some assessments, not only Kaliningrad but also entire Russia (or at least its north-western part) could benefit from a new status of the Oblast. As a concept of a 'pilot region' suggests, the Kaliningrad model could be implemented in other Russian border regions (especially in those located at the EU-Russia frontier).

To a larger extent the future of Kaliningrad depends on how the Russian élites perceive Kaliningrad (and its place in Russia's European strategy) as well as on the nature of relationship between the federal centre and the regional government.

There were fundamental changes both in Russian thinking and policies towards Kaliningrad over the last decade. Although the realist/geopolitical paradigm still dominates Russian political discourse the mainstream of the Russian political thought does not perceive any longer the Oblast as Moscow's military outpost on the Baltics and favors opening up of the region for international co-operation. The Federal Task Program of 2001 and a number of other documents laid down the foundation for developing of a Russian national strategy on Kaliningrad as well as suggested some specific/technical instruments. The EU-Russia PCA and Northern Dimension are seen by the Russian leadership and élites as appropriate frameworks for searching adequate solutions.

It should be noted that in contrast with the past when Kaliningrad was perceived as only a Russian problem now there is a consensus among the regional actors (including Brussels) that Kaliningrad is a problem for the EU and candidate countries too. This means that not only Russian but also the EU policy towards Kaliningrad should be radically revised. This also calls for international rather than unilateral efforts and solutions.

Russia and the EU agree in principle that the Union's enlargement should not entail the rise of dividing lines in Europe and that the freedom of movement of people and goods in the region should be ensured. They support various collaborative projects, including economy, trade, energy security, social system, health care, environment, the improvement of the border and transport infrastructures in Kaliningrad and in the entire Baltic Sea region. They also favor concluding of a special agreement on Kaliningrad to define procedures of trade, transit and border management and to facilitate Oblast's deeper integration to the European economic and legal space. There are still numerous barriers to reaching such an agreement stemming from the inflexibility of the EU and Russian bureaucracies and legislation as well as from the difference of economic, political and security interests. However, as the recent EU and Russian documents demonstrate, the positive dynamics in the EU-Russian relationship is obvious.

More generally, one of the most important lessons drawn from the Kaliningrad case is that the subregional co-operation is increasingly becoming an important stabilizing factor in Northern Europe (and potentially on the entire continent). Subregionalism offers opportunities for developing Russian democracy and civil society. Subregionalism need not cause the further disintegration of the country.

Instead, it serves as a catalyst for successful reforms and international integration. Subregional co-operation facilitates the rise of a mechanism of interdependence in Northern Europe and promotes mutual trust and understanding among the nations. By doing this subregionalism helps to solve local economic, social, political, security and other problems and to prevent the rise of new threats and challenges. If Russia and the EU were able to use the opportunities of subregionalism in full the Kaliningrad Region would become a contact zone, a bridge between different civilizations rather than the place for the Huntingtonian-type 'clash of civilizations'.

### **Policy recommendations**

To make Kaliningrad a region of European co-operation a future strategy should be based on two main pillars: (1) Moscow's federal policies with regard to Kaliningrad as a member of the federation, and (2) Russia-EU dialogue on Kaliningrad.

- Many Russian specialists underline that before Moscow negotiates the problem with EU it should have a clear vision of the problem and design a proper strategy on Kaliningrad. First of all the Russian leadership should fully understand that the involvement of the EU and neighboring states into solving the Kaliningrad problem will inevitably challenge traditional understanding of Russia's sovereignty over the Oblast. For instance, the reaching of agreements with the EU on trade, tariffs, transit, energy and visa regime would mean for all parties involved giving up some national sovereignty for the sake of a higher level of governance. The EU itself is a manifestation of limited national sovereignties and global governance. This means that all countries which want to join the Union or to get closer to it should give up a certain part of national sovereignty albeit in a different degree for the candidate and partner states.

In practical terms this implies providing the Oblast with a special status within the Russian Federation. Moscow can not treat the region similar to any inner/mainland territory. There is no need for Russia to give up completely its sovereignty over Kaliningrad but, if Moscow wants to make the Oblast a Euroregion, Kaliningrad should be provided with broader powers in the fields of foreign economic activities, taxation, property rights, customs formalities, border controls, consular services and so on.

Such a special status should be provided with a proper legal framework. This is important both from the domestic and international points of view. Domestically, it can be an effective safeguard against either bureaucratic 'encroachments' on the Oblast's powers (for example, repeated attempts of the Customs Committee to abolish the SEZ's privileges) or corrupted officials, criminals and 'gray economy' in the region.

Internationally, such a legislation could be helpful for the dialogue with EU. For instance, the latter says all the time that it can not treat Kaliningrad as a special case because, from the legal point of view, Kaliningrad is not different from other parts of Russia and providing the region with some special status could be perceived by Moscow as an interference into Russia's internal affairs (unless Russia makes a clear message to the Union). For example, the EU discussion paper on Kaliningrad (January 2001) underlines: "...since Kaliningrad is an integral part of Russia it would be difficult to grant any special status, such as free trade or a customs union. This would raise a number of political and legal issues apart from the fact that Russia is unlikely to grant the necessary degree of autonomy to Kaliningrad."

Some experts (for example, Alexander Songal, Head of the International Relations Department, Kaliningrad Oblast Duma) suggest that it is desirable to develop the concepts of federal policy towards the Kaliningrad Oblast (1994, 1997 and 2001) and the SEZ legislation (1996) into a Constitutional Law on the Kaliningrad Oblast. Such a legislation should provide for:

- more involvement and responsibility of the federal centre in the regional matters;
- more discretion to the local authorities in foreign economic and trade relations; and
- moving representative offices of federal bodies (primarily of the Ministry of Foreign Affairs) dealing with external relations to the region;
- appointing a Russian government official dealing with EU-related issues in Kaliningrad;

- setting up a subsidiary of the EC Delegation in Russia in the region;
- participation of Kaliningrad representatives in PCA committees where appropriate;
- launching a joint program (TACIS-PHARE-Russian) to estimate the impact upon the Kaliningrad Oblast of EU-related changes in Lithuania and Poland; and
- arrangements to ensure freedom of movement of people and goods for Kaliningrad.

- As far as the Russian-EU dialogue is concerned specialists believe that signing a Kaliningrad Protocol to the PCA could be helpful. Other experts suggest to conclude a special agreement on Kaliningrad between Russia and the EU. Such an agreement should be based on the PCA, EU Common Strategy on Russia, EU Action Plan on the Northern Dimension and the Russian Strategy on Co-operation between the Russian Federation and the EU (2000-2010). An agreement should have a binding force for both parties and be very specific.

According to this school, such an agreement should acknowledge Russia's general sovereignty over the Oblast (to calm down Moscow). At the same time, the document should envisage a more active participation of the EU in solving region's problems. Priority should be given to integration of Kaliningrad to the European economic space. The Russian Federation should retain the status of the SEZ for the Oblast, but, at the same time, should introduce local FEZs that must be applicable to the non-EU countries. The SEZ must be managed by an administration appointed by the Russian Cabinet. The Russian government should invest into the SEZ not less than €100 million a year. The EU standards should be established for the Kaliningrad-produced goods. A joint EU/Russia Standardization Committee should be created. Foreigners should be allowed to purchase the land in the region. A Regional Development Corporation should be set up to promote the Oblast's development. Such a corporation could be established not only by the Russian federal government (that should allocate not less than €30 million) but also by the local authorities and the EU (the latter should contribute not less than €3 million a year to the TACIS programs). The EU should apply the PHARE program to the Kaliningrad Oblast that is more beneficial for recipients than TACIS.

- Regarding the movement of goods in the accession period Lithuania and Latvia should provide Russia with lower transit tariffs and special agreements should be concluded (in consultation with the EU). After enlargement the EU-Russia PCA should provide for free transit through these countries, without customs duties or any other transit duties (other than charges for transport and administration). With time Brussels can conclude a free trade agreement with the Kaliningrad region and help the Oblast to be engaged in various Euroregions arrangements.

- As far as the border- and visa-related issues are concerned many Russian experts suggest retaining of a visa-free regime for the Kaliningraders visiting a EU/Schengen space less than 30 days. A reciprocal rule should be secure for the residents of the EU countries aimed at visiting the Kaliningrad region. There should be exchange of representative offices between Kaliningrad and Brussels at the level of diplomatic missions to cope with consular, economic, cultural and information issues. A Coordinating Committee on Fighting Organized Crime should be set up as soon as possible. The more innovative ideas include a reduction of the need for strict visa procedures by introducing the establishment of extensive data banks combined with the checking of fingerprints at borders. Such systems could potentially allow the reduction of visas to a mere stamp in the passport of those crossing borders, although they do not offer any quick solution taking into account that the Schengen Information System (SIS) is currently being re-designed and only expected to be ready around 2003.

The Kaliningrad City Administration believes that it is impossible to avoid the introduction of the visa regime but the Kaliningraders should be provided with some privileges. Administration's officials suggest, for example, to add to the visa application form the question about the duration of residence in the Kaliningrad Oblast. Those who have been living in the region for more than five years should be given greater privileges. Kaliningrad residents could be offered multi-entry visas valid for a period of up to three years, but allowing a strictly limited period of stay in EU countries on the occasion of each visit. The cost of visas should be reasonable in order to the Kaliningraders could



afford them.

It seems, however, that it would be impossible to integrate the Oblast into the European economy without liberalizing the visa regime. Even the so-called 'smooth solution' (providing Kaliningraders with cheap multiple visas) will impede trade, business trips and tourism in the subregion because of higher transaction costs and numerous technical difficulties (the lack of consulates and consular staff, imperfection of the SIS system, addition burden on Russian authorities to issue national passports for Kaliningraders in a short period of time, etc.).

Probably, the best solution is to keep the status quo for the transitional period (until Poland and Lithuania join the Union), namely: visa-free regime with these two countries (for Kaliningraders) and the use of internal identification documents by the Russian citizens for travel via Lithuania. Upon Poland's and Lithuania's joining the EU the visa-free regime for the Kaliningraders should be retained as well (say, for the stay up to 30 days). However, the Russian authorities should take care of providing the Kaliningrad residents with national passports of sufficient quality. It would be easy for the Schengen border guards to distinguish the Kaliningrad residents because there is an indication of issuing authority (the code of the local police directorate) in the Russian national passports. To strengthen the border control regime in the Oblast and to fight the organized crime, smuggling and illegal migration the Russian and EU law enforcement agencies can work together on creating a joint database on individuals who are non-eligible for visiting the Schengen space.

To convince the EU to liberalize its visa policies and to attract more tourists and businessmen in mid-May 2001 Russia introduced a new visa regime in Kaliningrad, Moscow and St Petersburg. Now foreign visitors can get visa directly in the port of entry and stay there up to 72 hours. Moscow hopes that there will be reciprocal measures on the part of the Schengen countries.

The U.S. also can provide a useful input to the EU-Russia discussion on the visa issues because it has an experience of dealing with mass migration from Mexico and other Latin American and Asian countries. Before Sept. 11, 2001 Washington was less suspicious about Russian travelers: in April 2001 the U.S. Secretary of State Colin Powell even said that the U.S. does not exclude the possibility of introducing a visa-free regime with Russia (provided that Russian travelers have enough money to stay in America and a return ticket). Why could not the EU do the same at least for the Kaliningraders?

To facilitate the movement of people and goods in the subregion both the EU and Russia should provide additional funds to build new and develop the existing border crossings and the transport infrastructure in the area.

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### **Web-material**

<http://www.baltnet.ru> - site of the news agency

<http://www.copri.dk> (Copenhagen Peace Research Institute)

<http://www.enet.ru> - site of the information agency

[http://europa.eu.int/external\\_relations/north\\_dim](http://europa.eu.int/external_relations/north_dim) – official site of the European Commission that covers the Northern Dimension project, including Kaliningrad

<http://www.gov.kaliningrad.ru> – official site of the Kaliningrad Regional Administration

<http://www.iews.org> – the site of the East-West Institute

<http://www.isn.ethz.ch> (International Relations & Security Network, Center for Security and Conflict Research of the Zurich University of Technology)

<http://www.kaliningrad.ru> – site of the information agency

<http://www.klgd.ru> – official site of the Kaliningrad City Administration

<http://www.koenig.ru> – site of the news agency

<http://www.regions.ru> – the site of the information agency that monitors situation in various Russian regions, including Kaliningrad

<http://sipri.se> (Stockholm International Peace Research Institute)